

# Payment in Lieu of Taxes for Natural Resources Land



# Three Topics

1. Payment in lieu of taxes (PILT) basics
2. Overview of Minnesota's current PILT system
3. PILT Calculation & Distribution



# PILT Basics

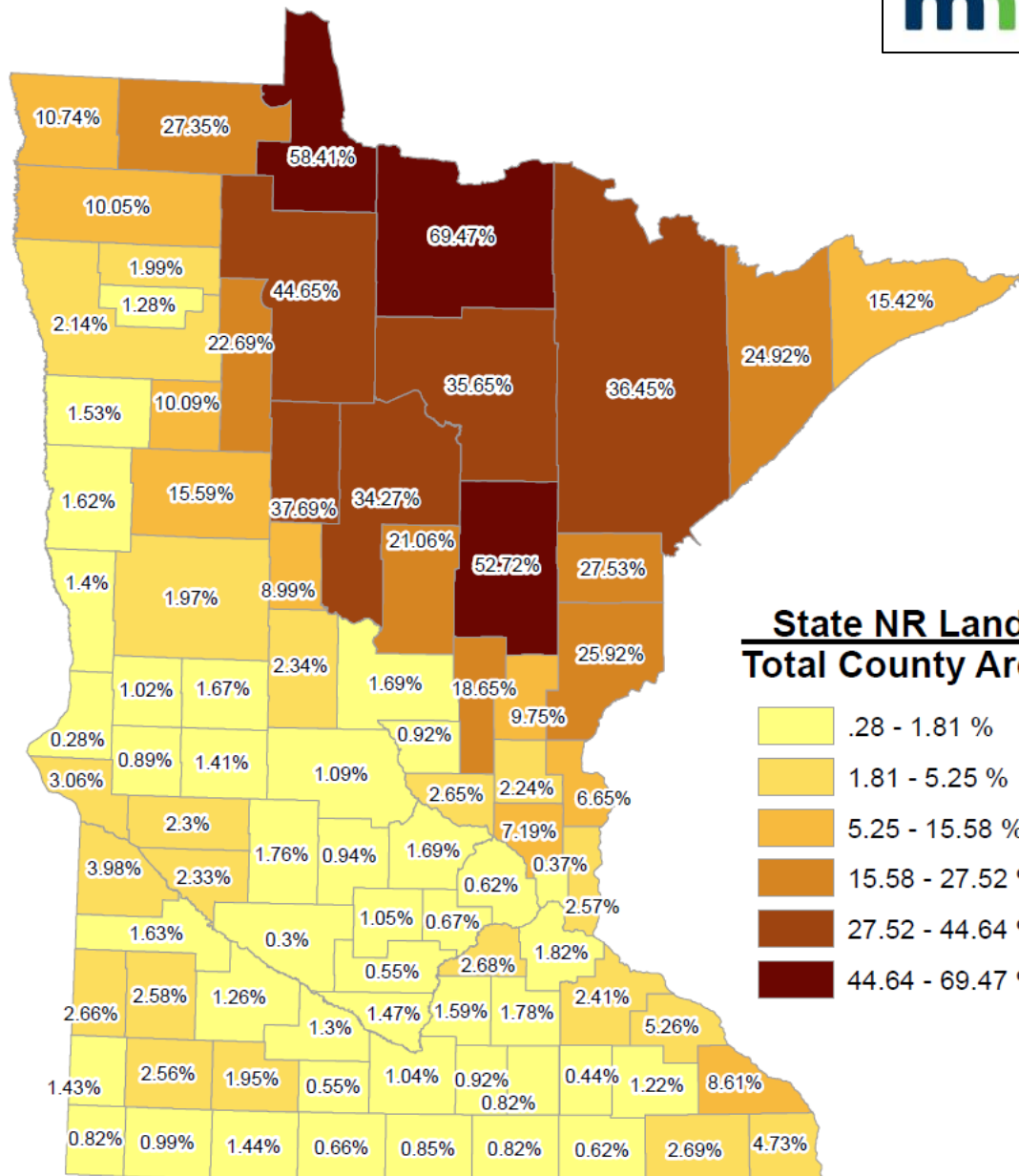


# What is PILT?

- A form of local government aid paid for tax-exempt natural resources land
- Purposes of PILT (Minnesota Statutes 477A.10)
  - To compensate local units of government for the loss of tax base from state ownership of land and the need to provide services for state land;
  - To address the disproportionate impact of state land ownership on local units of government with a large proportion of state land; and
  - To address the need to manage state lands held in trust for the local taxing districts.



DEPARTMENT OF  
NATURAL RESOURCES



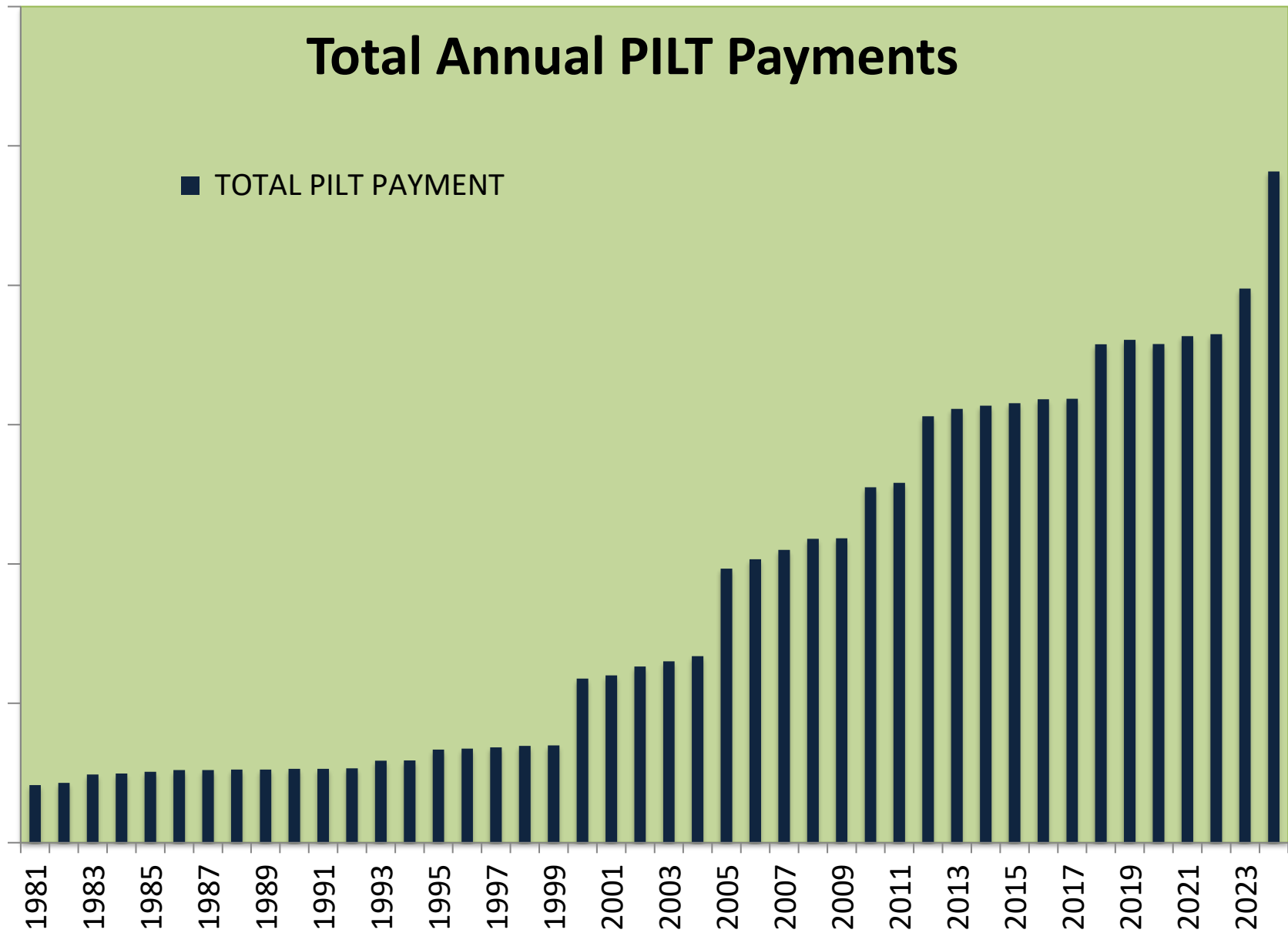
# Total Annual PILT Payments

■ TOTAL PILT PAYMENT

Millions

\$60  
\$50  
\$40  
\$30  
\$20  
\$10  
\$-

1981 1983 1985 1987 1989 1991 1993 1995 1997 1999 2001 2003 2005 2007 2009 2011 2013 2015 2017 2019 2021 2023



# Overview of Minnesota's Current PILT System



# Lands Eligible for PILT

- All land held by the state in fee title and administered by the DNR
- Land utilization project land leased by the DNR from the federal government
- Transportation wetlands administered by MNDOT
- Camp Ripley Game Refuge administered by the Department of Military Affairs
- Tax-forfeited land administered by counties

# Land Classes

- Minnesota Statutes 477A.11 lists PILT land classes:
  - **Acquired natural resources land**
    - Acquired by state from private owners to be managed by DNR
    - Consolidated conservation lands designated as state parks, state recreation areas, scientific and natural areas or wildlife management areas
  - **Wildlife management land**
  - **Other natural resources land**
    - DNR-administered (school trust, con-con lands, etc.)
    - County-administered (tax-forfeited)
  - **Land utilization project land**

# Land Classes, continued

- Minnesota Statutes 477A.11 lists PILT land classes
  - **Military refuge land**
  - **Transportation wetlands**
- Lake Vermilion-Soudan Underground Mine State Park is governed by M.S. § 477A.17



# Recent Legislative Changes

## Laws of 2023 - effective FY2025 calendar year 2024

### M.S. § 477A.12, subd. 1(8)

- **Additional public lands payment 0.18 cents/acre**
- 0.18 x total number of acres in county eligible for PILT if equal or greater than 25% of total county acreage
- **12 counties - \$1,257,679**
- 2.6% of Total PILT payment

### M.S. § 477A.12, subd. 1(9)

- **Additional public lands payment 0.8 cents/acre**
  - 0.08 x total number of acres in county eligible for PILT if equal or greater than 10% of total county acreage, but less than 25%
  - **9 counties - \$71,711**
  - < 0.5% of Total PILT payment
- 
- These acreages do not include Lake Vermillion/Soudan Underground Mine lands or Ditch Assessments of State-Owned Lands in Consolidated Conservation (Con-Con) Areas

# Recent Legislative Changes

## Laws of 2023 - effective FY2025 calendar year 2024

### M.S. § 477A.12, subd. 1

- The payment rates for county-administered other natural resources lands (i.e., **tax-forfeited lands**) and for **DNR-administered other natural resources lands** (i.e., lands that were not on the tax rolls when acquired by DNR) in Minnesota Statutes 477A.12, subdivision 1 were **increased from \$2 to \$3 per acre**.

### Tax Forfeited lands:

- **2023** payment **\$2/acre**: 2,783,053 acres, **\$5,566,108** (14% of total PILT payment)
- **2024** payment **\$3/acre**: 2,780,475 acres, **\$8,341,424** (17% of total PILT payment)

### DNR –Admin other lands:

- **2023** payment **\$2/acre**: 4,095,434 acres, **\$8,190,868** (21% of total PILT payment)
- **2024** payment **\$3/acre**: 4,095,428 acres, **\$12,286,285** (25% of total PILT payment)

# Recent Legislative Changes

**Laws of 2023 - effective FY2025 calendar year 2024**

**M.S. § 477A.12, subd. 3**

- The appraised value of PILT natural resource lands shall not be reduced below their Assessed Year 2022 appraised values or subsequent appraised values, if higher.
  - a) Lake Vermillion/Soudan Underground Mine lands remain set at AY2010 and AY2021 for the Granelda Unit.

# Recent Legislative Changes

## Laws of 2023 - effective FY2026 calendar year 2025

### M.S. § 477A.12, subd. 4

- The Minnesota Department of Revenue will annually adjust PILT payment amounts by a cost-of-living adjustment as provided in M.S. 270C.22, Subd. 1 each payment year after August 31<sup>st</sup>, 2024.
- These amounts will be rounded to the nearest tenth of a cent.
  - a) Lake Vermillion/Soudan Underground Mine lands payment amounts are excluded.
  - b) Further calculation information will be available in the instructions for next year.

# PILT Distribution



# PILT Distribution

- Distribution instructions are published each year by MNDOR
- Three distribution systems
  - One for wildlife management and military refuge lands
  - One for Lake Vermilion-Soudan Underground Mine State Park
  - One for everything else



# Annual PILT Calculation

- DNR calculates PILT, using its land records system
- Payments are based on county-wide data, not per parcel.



# Six-Year Reappraisal

- Every six years, county assessors are required to reappraise all acquired natural resources lands and wildlife management lands
- Next Estimated Market Value is 2028



# Questions?

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**FY25 PILT (Paid July 2024) "At a Glance"**

Natural Resources Land Type	Statutory Authority	Payment Rate	Total FY23 Acres	% of Total Acres	Total FY25 Payment	% of Total Payment
Acquired Natural Resources	M.S. § 477A.12, subd. 1(1)	The greater of \$5.133/acre or ¼ of 1% of appraised value of all acquired natural resources land in the county	1,026,597	12	\$13,997,191	29
Transportation wetland	M.S. § 477A.12, subd. 1(2)	The greater of \$5.133/acre or ¼ of 1% of appraised value of all transportation wetland in the county	1,825	<1	\$9,368	2
Wildlife management land	M.S. § 477A.12, subd. 1(3)	The greater of \$5.133/acre or ¼ of 1% of appraised value of all wildlife management land in the county	506,158	6	\$10,857,153	23
Military refuge land	M.S. § 477A.12, subd. 1(4)	\$2.5665/acre	50,626	1	\$129,932	<1
County-admin. other	M.S. § 477A.12, subd. 1(5)	\$3.00/acre	2,780,475	33	\$8,341,424	17
LUP	M.S. § 477A.12, subd. 1(6)	\$5.133/acre	86,265	1	\$442,799	1
DNR-admin. other	M.S. § 477A.12, subd. 1(7)	\$3.00/acre	4,095,428	48	\$12,286,285	25
Vermilion/Soudan	M.S. § 477A.17	1.5% of the appraised value of the land	4,128	<1	\$481,002	1
Additional public lands payment 0.18 cents/acre	M.S. § 477A.12, subd. 1(8)	0.18 x total number of acres in county eligible for PILT if equal or greater than 25% of total county acreage	13 counties	-	\$1,257,679	1
Additional public lands payment 0.8 cents/acre	M.S. § 477A.12, subd. 1(9)	0.08 x total number of acres in county eligible for PILT if equal or greater than 10% of total county acreage, but less than 25%	9 counties	-	\$71,711	<1
<b>PILT Totals</b>			<b>8,547,375</b>	<b>100</b>	<b>\$48,174,544</b>	<b>100</b>
Ditch Assessments on Con-Con Lands	M.S. § 477A.12, subd.1(8)	\$300,000 per year prorated to counties			\$300,000	